

**SENATE BILL**

**No. 7**

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**Introduced by Senators Denham, Dutton, and Wyland**

February 24, 2010

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An act to add Sections 17053.82 and 23623.1 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 7, as introduced, Denham. Income taxes: hiring credit: veterans.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a credit for an increase in qualified employees of a qualified employer.

This bill would, under both laws, for taxable years beginning on and after January 1, 2010, allow a credit to a qualified taxpayer, as defined, in an amount equal to 25% of the wages, not to exceed \$6,000, paid to each qualified veteran, as defined, by the qualified taxpayer during the taxable year.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17053.82 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.82. (a) For each taxable year beginning on or after
- 4 January 1, 2010, there shall be allowed a credit in the amount
- 5 specified in subdivision (b) against the “net tax,” as defined by

1 Section 17039, to a qualified taxpayer who employs a qualified  
2 veteran during the taxable year.

3 (b) The credit amount shall be 25 percent of the wages, not to  
4 exceed six thousand dollars (\$6,000), paid to each qualified veteran  
5 by the qualified taxpayer during the taxable year.

6 (c) For purposes of this section, “qualified taxpayer” means a  
7 taxpayer that has a business located in California or does business  
8 primarily in California or with Californians.

9 (d) For purposes of this section, “qualified veteran” means a  
10 member of the Armed Forces of the United States who has been  
11 honorably discharged from service within the five calendar years  
12 preceding employment by the qualified taxpayer, who received  
13 unemployment compensation within California for not less than  
14 four weeks within the 12 calendar months preceding the date of  
15 employment by the qualified taxpayer, and who is employed by  
16 the qualified taxpayer for at least 120 hours during the taxable year  
17 in which the credit is claimed.

18 (e) The credit allowed by this section shall be decreased by the  
19 amount of any other credit or deduction that the qualified taxpayer  
20 may otherwise claim pursuant to this part.

21 (f) In the case where the credit allowed under this section  
22 exceeds the “net tax,” the excess may be carried over to reduce  
23 the “net tax” in the following year, and succeeding years if  
24 necessary, until the credit has been exhausted.

25 SEC. 2. Section 23623.1 is added to the Revenue and Taxation  
26 Code, to read:

27 23623.1. (a) For each taxable year beginning on or after  
28 January 1, 2010, there shall be allowed a credit in the amount  
29 specified in subdivision (b) against the “tax,” as defined by Section  
30 23036, to a qualified taxpayer who employs a qualified veteran  
31 during the taxable year.

32 (b) The credit amount shall be 25 percent of the wages, not to  
33 exceed six thousand dollars (\$6,000), paid to each qualified veteran  
34 by the qualified taxpayer during the taxable year.

35 (c) For purposes of this section, “qualified taxpayer” means a  
36 taxpayer that has a business located in California or does business  
37 primarily in California or with Californians.

38 (d) For purposes of this section, “qualified veteran” means a  
39 member of the Armed Forces of the United States who has been  
40 honorably discharged from service within the five calendar years

1 preceding employment by the qualified taxpayer, who received  
2 unemployment compensation within California for not less than  
3 four weeks within the 12 calendar months preceding the date of  
4 employment by the qualified taxpayer, and who is employed by  
5 the qualified taxpayer for at least 120 hours during the taxable year  
6 in which the credit is claimed.

7 (e) The credit allowed by this section shall be decreased by the  
8 amount of any other credit or deduction that the qualified taxpayer  
9 may otherwise claim pursuant to this part.

10 (f) In the case where the credit allowed under this section  
11 exceeds the “tax,” the excess may be carried over to reduce the  
12 “tax” in the following year, and succeeding years if necessary,  
13 until the credit has been exhausted.

14 SEC. 3. This act provides for a tax levy within the meaning  
15 of Article IV of the Constitution and shall go into immediate effect.

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